

Amendment Offered by Mr. Ackerman

**To the Amendment in the Nature of a
Substitute Offered by Mr. Bachus**

Page 28, after line 21, insert the following new section (and conform the table of contents accordingly):

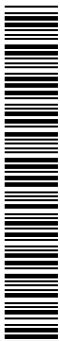
1 **SEC. 504. REQUIREMENT TO DISCLOSE COMMUNICATIONS**
2 **TO A CONSUMER REPORTING AGENCY.**

3 (a) IN GENERAL.—Section 623(a) of the Fair Credit
4 Reporting Act (15 U.S.C. 1681s-2(a)) is amended by adding at the end the following new paragraph:

6 “(6) NEGATIVE INFORMATION.—

7 “(A) NOTICE TO CONSUMER REQUIRED.—

8 “(i) IN GENERAL.—If any financial
9 institution that extends credit and regularly and in the ordinary course of business
10 furnishes information to a consumer reporting agency that compiles and maintains files on consumers on a nationwide
11 basis, furnishes negative information to such an agency regarding credit extended
12 to a customer, the financial institution
13 shall provide a notice of such furnishing of
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15
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17



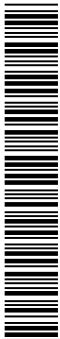
negative information, in writing, to the customer.

“(ii) NOTICE EFFECTIVE FOR SUBSEQUENT SUBMISSIONS.—After providing such notice, the financial institution may submit additional negative information to a consumer reporting agency that compiles and maintains files on consumers on a nationwide basis with respect to the same transaction, extension of credit, account, or customer without providing additional notice to the customer.

“(B) TIME OF NOTICE.—

“(i) IN GENERAL.—The notice required under subparagraph (A) shall be provided to the customer prior to, or no later than 30 days after, furnishing the negative information to a consumer reporting agency that compiles and maintains files on consumers on a nationwide basis.

“(ii) COORDINATION WITH NEW ACCOUNT DISCLOSURES.—If the notice is provided to the customer prior to furnishing the negative information to a consumer reporting agency, the notice may



1 not be included in the initial disclosures
2 provided under section 127(a) of the Truth
3 in Lending Act.

4 “(C) COORDINATION WITH OTHER DISCLO-
5 SURES.—The notice required under subpara-
6 graph (A)—

7 “(i) may be included on or with any
8 notice of default, any billing statement, or
9 any other materials provided to the cus-
10 tomer; and

11 “(ii) must be clear and conspicuous.

12 “(D) MODEL DISCLOSURE.—

13 “(i) DUTY OF BOARD TO PREPARE.—
14 The Board shall prescribe a brief model
15 disclosure a financial institution may use
16 to comply with subparagraph (A), which
17 shall not exceed 30 words.

18 “(ii) USE OF MODEL NOT RE-
19 QUIRED.—No provision of this paragraph
20 shall be construed as requiring a financial
21 institution to use any such model form pre-
22 scribed by the Board.

23 “(iii) COMPLIANCE USING MODEL.—A
24 financial institution shall be deemed to be
25 in compliance with subparagraph (A) if the



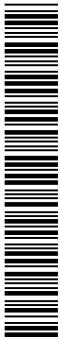
1 financial institution uses any such model
2 form prescribed by the Board, or the fi-
3 nancial institution uses any such model
4 form and rearranges its format.

5 “(E) USE OF NOTICE WITHOUT SUBMIT-
6 TING NEGATIVE INFORMATION.—No provision
7 of this paragraph shall be construed as requir-
8 ing a financial institution that has provided a
9 customer with a notice described in subpara-
10 graph (A) to furnish negative information about
11 the customer to a consumer reporting agency.

12 “(F) SAFE HARBOR.—A financial institu-
13 tion shall not be liable for failure to perform
14 the duties required by this paragraph if, at the
15 time of the failure, the financial institution
16 maintained reasonable policies and procedures
17 to comply with this paragraph.

18 “(G) DEFINITIONS.—For purposes of this
19 paragraph, the following definitions shall apply:

20 “(i) NEGATIVE INFORMATION.—The
21 term ‘negative information’ means infor-
22 mation concerning a customer’s delin-
23 quencies, late payments, insolvency, or any
24 form of default.



1 “(ii) CUSTOMER; FINANCIAL INSTITU-
2 TION.—The terms ‘customer’ and ‘finan-
3 cial institution’ have the same meaning as
4 in Section 509 of the Gramm-Leach-Bliley
5 Act.”.

6 (b) MODEL DISCLOSURE FORM.—Before the end of
7 the 6-month period beginning on the date of the enact-
8 ment of this Act, the Board of Governors of the Federal
9 Reserve System shall adopt the model disclosure required
10 under the amendment made by subsection (a) after notice
11 duly given in the Federal Register and an opportunity for
12 public comment in accordance with section 553 of title 5,
13 United States Code.

